

to representatives of Health Midwest during the many discussions between the Attorney General's office and the representatives of Health Midwest.

**INTERROGATORY NO. 128:** Identify all correspondence with Ponder which led to, refers to, reflects, or in any way relates to the Corporation's retaining Ponder to review and evaluate the value of the Corporation's assets or the fairness of the price offered by HCA for those assets as referred to in Paragraph 50 and 51 of the Petition, including but not limited to documents relating in any way to Ponder's compensation for this service.

**ANSWER:**

The engagement letter wherein Ponder was retained is attached as **Exhibit 8**.

**INTERROGATORY NO. 129:** Identify all documents made available to Ponder for its use in reviewing or evaluating the value of the Corporation's assets or the fairness of the price offered by HCA for those assets as referred to in Paragraphs 50 and 51 of the Petition, and identify all documents created by, referred to by, or in any way relied upon by Ponder in performing this service.

**ANSWER:**

Ponder was provided with Health Midwest's 2001 and 2000 audited financial information and year-to-date (June 30, 2002) unaudited financial information. This information was provided to you on November 14, 2002. In addition, Ponder relied on information provided in their July 9, 2002 presentation attached as **Exhibit 11**. Further, Ponder has been the financial advisor for Health Midwest for the past ten years.

**INTERROGATORY NO. 130:** Describe with specificity the "exhaustive review and evaluation" undertaken by Ponder as referred to in Paragraph 51 of the Petition, and identify the individuals at Ponder who performed that review and evaluation.



**ANSWER:**

Ponder conducted an assessment of the market value of Health Midwest's operating assets. The review was done to determine the likely value ranges for Health Midwest assets. The review was explained in detail to the Attorney General on November 20, 2002 and the powerpoint presentation accompanying that explanation was provided to you on November 29, 2002. The review was performed by David L. Atchison, James E. Burgdorfer, and Ejaz F. Elahi.

**INTERROGATORY NO. 131:** Identify each and every action by the Board of

Directors requesting or soliciting a review or evaluation by Ponder of the purchase price set forth in the Asset Purchase Agreement, state the date, time and location of every meeting of the Board of Directors at which such request was authorized or discussed, identify the votes of each Director present (voting or abstaining) on such authorization, and identify all documents which refer to, reflect, or relate in any way to engaging Ponder to conduct such a review or evaluation, including all notes or memoranda or other materials by, from, to, or provided to any Board member reflecting, referring to, or in any way relating to such an engagement.

**ANSWER:**

The Board voted to hire Ponder on August 6, 2002. These Board minutes were previously provided to you on October 31, 2002. The presentation made by Ponder to the Board is included in Exhibit 8.

**INTERROGATORY NO. 132:** Identify all documents referring to, reflecting, or relating in any way to the conclusions by Ponder referred to in Paragraph 56 of the Petition.

**ANSWER:**

Ponder's conclusions are reflected in the powerpoint presentations made to the Board in September and October of 2002, which was given to you on November 14, 2002, and the compilation of material presented to you on November 20, 2002.



**INTERROGATORY NO. 133:** State the time, place and location of each meeting of the Board of Directors at which the conclusions reached by Ponder referred to in Paragraph 51 of the Petition were presented, discussed or referred to.

**ANSWER:**

Ponder's conclusions were presented to the Board on September 10, 2002 and October 15, 2002. These Board minutes were provided to you on October 31, 2002.

**INTERROGATORY NO. 134:** Identify every action of the Board of Directors based on, taken in response to, or in any way related to the conclusions reached by Ponder referred to in Paragraph 51 of the Petition.

**ANSWER:**

On August 6, 2002 the Board approved the formal bidding process for the sale of its assets. On September 10, 2002 the Board decided to narrow the bidders to HCA and Tenet. On October 15, 2002, the Board decided to negotiate exclusively with HCA. On November 5, 2002, the basic terms of the Agreement with HCA were approved. With the exception of the November, 2002 minutes, which will be provided as soon as they are available, all these meeting minutes were provided to you on October 31, 2002.

**INTERROGATORY NO. 135:** Identify all information, and all advice from whatever source, relied upon by the Board in reaching the decision referred to in Paragraph 52 of the Petition.

**ANSWER:**

The Board relied to on the conclusions of Ponder as described in Interrogatories 132 and 133 and its own business judgment. In addition, Ponder provided a summary of precedent transactions and public trading multiples, which is attached as **Exhibit 24**.

**INTERROGATORY NO. 136:** Identify with specificity the "independent appraisal of the Health Midwest Assets" obtained by the Board of Directors as alleged in Paragraph 5 of the Petition, and identify all documents referring to, reflecting, or relating to such appraisal.



**ANSWER:**

Ponder conducted its independent analysis and rendered a judgment as to the likely value ranges for Health Midwest's assets. This analysis is discussed and the related documents are identified in Interrogatories 128 through 132.

**INTERROGATORY NO. 137:** Describe with specificity the Corporation's "commitment to charitable, scientific and educational purposes in the community" referred to in Paragraph 60 of the Petition, and identify the source of such a commitment as well as all documents referring to, reflecting, or relating in any way to such a commitment.

**ANSWER:**

Health Midwest's "commitment to charitable, scientific and educational purposes in the community" is its purpose as defined in its Articles of Incorporation, which were provided to you on October 23 and 31, 2002.

**INTERROGATORY NO. 138:** State the purposes for which the Corporation is organized and, to the extent these purposes have changed over time, state the dates and circumstances giving rise to such changes and the purposes of the Corporation predating the change.

**ANSWER:**

Health Midwest was organized to promote "charitable, scientific and educational purposes in the community." These purposes are reflected in Health Midwest's Articles of Incorporation, which were provided to you on October 23 and 31, 2002.

**INTERROGATORY NO. 139:** Identify all documents authored by, sponsored by, or created by the Corporation or its agents for dissemination to the public or to be made available to the public or anyone outside the Corporation describing the purposes of the Corporation, its mission, or its activities.



**ANSWER:**

Health Midwest conducts numerous activities and provides services to the public including:

- \* Primary care services
- \* A full array of general acute care and outpatient services
- \* Physician services
- \* Outpatient surgery services at free-standing centers
- \* Clinical outreach services
- \* Rehabilitation services
- \* Employer health services
- \* Behavioral health services
- \* Cancer programs and services
- \* Home health and hospice care services
- \* Medical and nursing education
- \* Older adult services
- \* Health and wellness programs and services
- \* Community services, including a wide variety of health screenings

Health Midwest seeks to provide a continuum of compassionate, high-quality, cost-effective, financially-viable health and health-related services, for the benefit of the community. Health Midwest seeks to foster the health status and well-being of the communities we serve by providing health education, preventive services, early diagnosis, and responsive medical care. Health Midwest also focuses on quality and compassionate care that is responsive to its customers by integrating service delivery with an emphasis on continuity of care, population health management, care management and documented outcome measures. Health Midwest seeks to work with the residents that it serves in efforts to promote sound economic and community development. These statements of mission and purpose, along with other informational documents prepared by Health Midwest for the benefit of the public, can be found at Health Midwest's website at [www.healthmidwest.org](http://www.healthmidwest.org).

**INTERROGATORY NO. 140:** State with specificity the Corporation's intent with respect to the use of the proceeds of the sale of its assets, and identify each and every amendment to its Articles of Incorporation the Corporation expects to effect this intent.

**ANSWER:**

Health Midwest intends to use proceeds from the sale of assets to continue its charitable, scientific and educational endeavors. Specifically, Health Midwest intends to own, operate or fund charity health care programs, provide pastoral training and education, facilitate community outreach services such as vaccination and disease prevention, fund specialty care services in underserved communities, financially support postgraduate medical care and



research, conduct continuing medical education, commit resources to medical and clinical research programs for the prevention and treatment of disease, conduct or support transportation services to improve health care access, and fund complementary medicine programs, services and activities. Additionally, Health Midwest intends to conduct or support programs relating to nutrition, health management and environmental health, commit resources to education and training of physicians, nurses and medical technical professionals, support emergency medical response and ambulance services, fund social welfare programs for elderly, disabled or mentally challenged persons, create regional community health policy, planning and strategic direction, support programs to address family violence and financially support programs and services addressing the oral health care needs of the community.

No amendments to the current Articles of Incorporation are required to facilitate the intended applications of sale proceeds. Conflicting claims of authority and control between and among the Missouri Attorney General, the Kansas Attorney General and third parties have threatened to frustrate the intended use of sale proceeds, leaving Health Midwest no alternative but to seek judicial guidance.

**INTERROGATORY NO. 141:** Identify the date, time and location of every meeting of the Board of Directors at which the Corporation's possible uses for the proceeds of the sale of its assets was discussed and, for every action taken by the Board of Directors with respect to such uses or the Corporation's intent for such uses, identify the action taken and the votes of each Director present (voting or abstaining) on each such action.

**ANSWER:**

The Board has had repeated general discussions of possible uses for the proceeds of the sale of its assets. Such discussions included the need for consultants to advice on possible uses and assessments of what uses would best serve the community. To the extent the Board has settled on general principles for the use of the proceeds, they were provided to you on November 15, 2002. All meeting minutes of the Board and the Executive Committee through October of 2002 were provided to you on October 31, 2002.

**INTERROGATORY NO. 142:** With respect to the Corporation's possible uses for the proceeds of the sale of its assets, describe the process by which public input was solicited



by the Board before its consideration or action with respect to such uses or the Corporation's intent for such uses.

**ANSWER:**

The Board of Directors of Health Midwest is comprised of community leaders who bring to the Board the perspectives of their communities. The Board's intended use of proceeds from the sale of Health Midwest assets reflects those community perspectives. The Board of Directors have also held community forums where the public was invited to communicate their thoughts about the transaction and the Board has solicited input through the Health Midwest website and phone lines.

**INTERROGATORY NO. 143:** Identify all documents referring or in any way relating to the Attorney General's public hearings concerning the sale of Health Midwest's assets to HCA or the testimony to be given at those hearings.

**ANSWER:**

A copy of the powerpoint presentations made by Health Midwest at the Attorney General's public hearings are attached as **Exhibit 23**.

**INTERROGATORY NO. 144:** Identify all documents referring or in any way relating to review by any federal agency that has the authority to review the corporation's sale of assets to HCA.

**ANSWER:**

On December 2, 2002, Health Midwest filed a Hart-Scott-Rodino Premerger Notification Form with the Federal Trade Commission and the Department of Justice. The Hart-Scott-Rodino Premerger Notification Form will be provided subject to protective order as **Exhibit 25**. If a private letter ruling request is filed with the Internal Revenue Service, it will be provided.

**INTERROGATORY NO. 145:** Describe all contracts or agreements with non-Health Midwest employees relating to the efforts to obtain the approval of the sale by any government entity or official including but not limited to contracts with law firms, lobbyists, or public



relations. For each contract or agreement described, specify the terms, including financial terms, of such agreement and identify all documents relating to such agreement or contract.

**ANSWER:**

The following entities have been hired by Health Midwest to assist in obtaining approval of the sale by any government entity:

Seigfreid Bingham Levy Selzer & Gee PC  
2800 Commerce Tower  
911 Main  
Kansas City, MO 64105-2069

Rouse Hendricks German May PC  
1010 Walnut, Suite 400  
Kansas City, MO 64106

Covington & Burling  
1201 Pennsylvania Avenue NW  
Washington DC 20004-2401

Blitz Bardgett & Deutsch, L.C.  
308 High Street, Suite 301  
Jefferson City, MO 65101-3237

**INTERROGATORY NO. 146:** Describe with specificity what constitutes a “material” change, as that term is used in paragraph 24(B) of the Petition and identify all documents referred to, reflecting, or relating in any way to the definition of that term as it is used in the Asset Purchase Agreement.

**ANSWER:**

A material change would be, for example, changing a facility from an acute care hospital to an ambulatory surgery center. The term was in the draft Agreement provided to the bidders and was not changed, negotiated or discussed during the negotiations with HCA.



**INTERROGATORY NO. 147:** Identify all current and prior committees of the

Board of Directors, including the names of the committees, a descriptions of the duties of each committee and a list of the Directors who comprise or have previously comprised each committee.

**ANSWER:**

The 2002 committees include:

Executive Committee  
Audit and Finance Committee  
Corporate Integrity/Privacy Committee  
Executive Compensation Committee

**INTERROGATORY NO. 148:** Identify and describe with specificity any grants,

gifts or bequests and restrictions there to received by the Corporation or any organization with the Health Midwest system.

**ANSWER:**

The gifts received by Health Midwest consist of restricted and unrestricted funds. To the extent the funds are restricted, these restrictions will be complied with or, if necessary, Health Midwest will seek a court order in a cy pres proceeding.

**INTERROGATORY NO. 149:** Identify each person you expect to call as an expert

witness at trial and with respect to each expert, state his or her name, address, occupation, place of employment, qualification to give an opinion, hourly deposition fee, and state the general nature of the subject matter on which the expert is expected to testify.



ANSWER:

Ponder & Co.  
Financial Advisory Services  
Two Prudential Plaza  
180 North Stetson Avenue, Suite 750  
Chicago, Ill 60601

Respectfully submitted,

ROUSE HENDRICKS GERMAN MAY PC

By 

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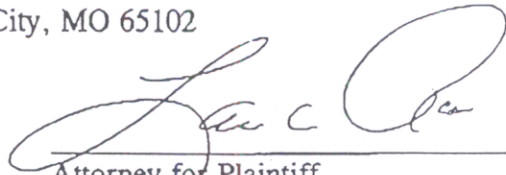
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ATTORNEYS FOR PLAINTIFF

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served by first class mail, postage prepaid, this 7<sup>th</sup> day of December, 2002, on the following counsel:

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\_\_\_\_\_  
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## VERIFICATION

STATE OF \_\_\_\_\_ )  
 ) ss  
COUNTY OF \_\_\_\_\_ )

I, \_\_\_\_\_, swear upon my oath that the above answers to interrogatories are true and correct to the best of my information and belief.

Subscribed and sworn to by me this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

Notary Public

My Commission expires: